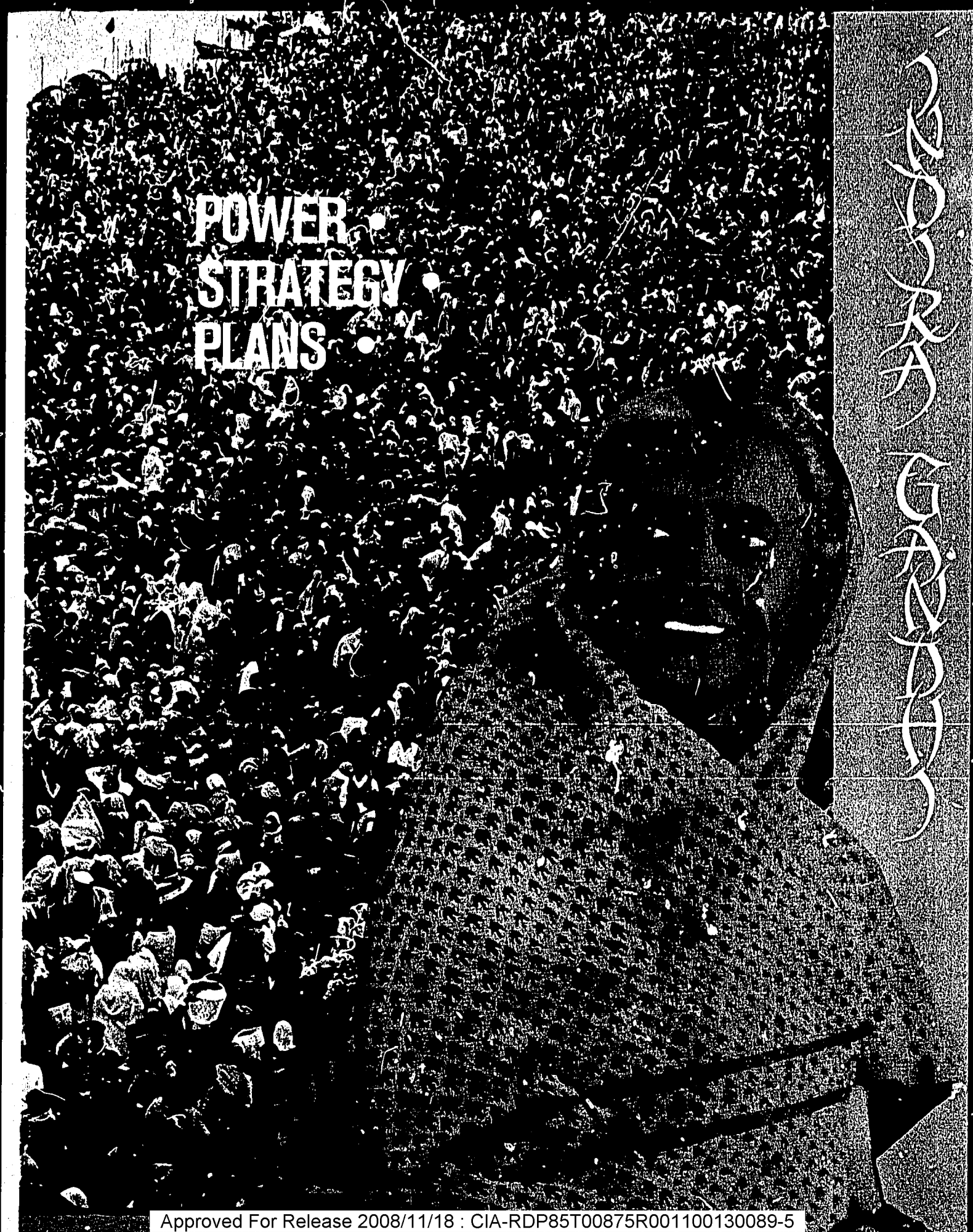

Approved For Release 2008/11/18 : CIA-RDP85T00875R001100130089-5

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
29 June 1972

INTELLIGENCE MEMORANDUM

Indira Gandhi's role in India's foreign and domestic politics today rivals that of her father, Jawaharlal Nehru, in his heyday. In recent years, power has been gradually centralized around her in New Delhi. Her opponents have been vanquished, and regional leaders within her party have lost power in their individual fiefdoms. Mrs. Gandhi's confidence is growing daily, and her decisive role in shaping present policies and future developments is seldom challenged. Still, her appetite for more power is apparently unappeased.

Mrs. Gandhi has not undertaken to rebuild the Indian power structure singlehandedly. In the beginning she had to be prodded, and she has since sought assistance from an assortment of political, technical, and bureaucratic advisers. Her style is not direct, and she often has appeared, especially to foreign observers, to be vascillating between ill-defined alternatives. She is, however, capable of decisive action, a characteristic which foes and allies alike were slow to appreciate, but for which they now have a healthy respect. On the whole, Mrs. Gandhi has managed to project herself as a rallying point for a vast number of disparate followers, and, what is significant for the future development of the Indian nation, her considerable talent for leadership is growing.

NOTE: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.

Strategy and Tactics

Since her rise to the prime ministership in January 1966, the most easily identified of India Gandhi's goals has been the acquisition of power. She was chosen prime minister by the Congress Party's "syndicate"—political barons with strong regional bases and so jealous of each other that they were only too happy to let the presumably malleable Mrs. Gandhi have the job. Consequently, Mrs. Gandhi's writ extended only so far as the consensus of these combative leaders allowed. Until the Congress Party split in 1969, she often appeared indecisive, but occasionally managed to maneuver herself into positions where she could assert herself and bring her ideas to bear on party and government policies.

After the split, which she in large part precipitated, Mrs. Gandhi found herself at the head of a minority government. Sixty-two Congress members of parliament joined the newly created Organization Congress Party, cutting Mrs. Gandhi's support from a pre-split majority of 288 to a post-split minority of 226 in the 523-member lower house. For survival, her government had to depend on the good will of a variety of groups, such as Socialists, Communists, and a strong, autonomy-minded south Indian regional party. Although more fully in control of what was left after the split, her position as head of government was not unlike her earlier position vis-a-vis the Congress Party. In her favor was the fact that, like the barons in the old Congress Party, her parliamentary opponents felt unsure of their strength against each other as well as against her. None was anxious to bring her down and risk a fresh election.

Mrs. Gandhi sought to consolidate her domination over what remained of the Congress Party organization. Her first targets were Congress Party regional leaders with enough political weight to threaten her grasp on power. She mounted a steady campaign against them and by 1971 was in a position to revamp the party in several states. Long-time leaders of the organization were eased out in favor of "progressives" picked by the party machine in New Delhi and indebted to Mrs. Gandhi for their positions. Today Congress Party politics still revolve around her efforts to replace local leaders who have independent bases of power.

Mrs. Gandhi has varied her tactics in this campaign, but in general she has attempted to single out key individuals, divide them from their fellows, and—when the stage was set—move swiftly to topple them from power. She has avoided open confrontation until the final stages and has seemingly accepted any setbacks with good grace, all the while continuing her low key,

but relentless attack. In order to strengthen her hand in party maneuvers, Mrs. Gandhi has courted the Indian masses and has used her position as prime minister to call elections timed to capitalize on the upswings in her popular support.

In all of this, she has tried to depict herself as one fighting an uphill battle against entrenched privilege—which, according to Mrs. Gandhi, is found within the government, the economic "establishment," and even the Congress Party. She has appealed to the Indian people to support her in the implementation of broad "progressive" policies to establish an egalitarian society and to satisfy the demands of the young and the disadvantaged for admission to the Indian establishment. The people respond and, underdogs themselves, identify with her in her "unequal" struggle—Indira and everyman against the political and economic elite.

Mrs. Gandhi built her strength during 1969 and 1970, moving slowly and floating trial balloons, such as suggestions for land and property reform. Largely symbolic gestures, such as divesting the maharajas of their privy purses and nationalizing the banks, were well received. Then, catching the opposition off guard, she called a snap general election for March 1971, a year before the parliament's five-year term was up. She won a watershed victory—350 of the 518 contested seats. Thereafter, Congress politicians saw the advantage of climbing aboard the Gandhi bandwagon. The 1971 election made clear that Mrs. Gandhi had captured the popular imagination and that the masses were beginning to look to New Delhi, rather than to their local leaders, to satisfy their demands for a better life.

Mrs. Gandhi's long quest for power has prompted many to charge that she seeks to establish an authoritarian government. She may indeed chafe under the need of dealing with politicians opposed to her programs, but she has so far shown that she is willing to work within the system; in fact, she has proved remarkedly adept at using the democratic process to achieve her ends.

She appears to view politics as an evolutionary, not a revolutionary, process. The most dramatic of her initiatives—bank nationalization, abolition of princely privileges and purses, land reform, and India's intervention in the struggle for Bangladesh—did not spring unheralded upon the Indian people. All had been the subject of lengthy public debate; the timing, not the acts themselves, carried an element of surprise. Mrs. Gandhi shows the direction of her thinking; she listens to those opposed and those in favor, seeking to develop a consensus in support of her project and to avoid unnecessary

opposition; she tries to marshal the power necessary to get her way and, if opposition is unavoidable, makes no move until the odds are in her favor.

Her Circle of Advisers

Although Mrs. Gandhi is confident of her ability to govern India, she relies upon a number of advisers. But none of them is privy to all her thoughts on all matters. Mrs. Gandhi tends to keep her advisers tied to relatively narrow specialities such as international relations, domestic politics, and economics. They are, of course, important to her, but she is wholly dependent on no single individual. For example, D. P. Dhar, whose star has been rising, is head of the Foreign Policy Planning Commission and is consulted frequently on Indo-Pakistani and Bangladesh matters. As much as anyone, he shares Mrs. Gandhi's ideas on foreign policy, but he appears to have little to do with shaping her thinking on economic planning and domestic political matters. She uses her advisers, and when they can no longer serve her or when better qualified people are available, she does not hesitate to replace them, as happened to her long-term confidant and former foreign minister, Dinesh Singh.

D. P. Dhar

Mrs. Gandhi keeps in touch with governmental operations through the Prime Minister's Secretariat, an organization she inherited from her father but has tailored to meet her own needs. The secretariat, about 130 strong in Nehru's day, now numbers about 200. It is headed by P. N. Haksar, a senior foreign service officer, who like Mrs. Gandhi and many of those closest to her, is a Kashmiri Brahmin. Because the bulk of papers requesting action are funneled to Mrs. Gandhi through Haksar, he is a key individual in her administration and a trusted member of her entourage. A kind of super staff man, he was once thought to be pro-West. He now, like his boss, leans

P. N. Haksar

toward leftist solutions for domestic and foreign problems and is favorably disposed toward the Soviet Union.

The man most responsible for the prime minister's successful domestic political program is another member of the "Brahmin Mafia," a shrewd, 71-year-old former Nehru associate named D. P. Mishra. An ex-chief minister from the state of Madhya Pradesh, he is no longer politically active on his own behalf. He owes Mrs. Gandhi a debt because she once intervened with her father to restore the outspoken Mishra to favor after he had been forced by Nehru to spend several years in political exile. Because of his years and Mrs. Gandhi's trust in him, Mishra can offer criticism when other advisers are hesitant. He figured prominently in getting the old Congress Party barons to compromise on Indira as prime minister in 1966, and later, when she was unsure of her timing, advised her when to push the fight against them.

Mrs. Gandhi uses Mishra and a fellow spetuagenarian, Health and Family Planning Minister U. S. Dikshit, to develop political strategy for reshaping the Congress Party and the government. It is Mishra who seems most likely to have counseled her to drop independent-minded senior cabinet and government officials in favor of loyal individuals more closely associated with youth, minorities, and depressed groups. Prior to the March 1972 provincial elections, when Mrs. Gandhi was preoccupied with Indo-Pakistani problems, they both played major roles in superimposing Gandhi people on existing state party structures. Rumors of further sweeping changes have unsettled Congress politicians who, unsure of how they will fare, have tended to look to Mrs. Gandhi for support rather than to unite against her. The net result has been an increase in Mrs. Gandhi's stature and a reduction in restraints on her exercise of power.

D. P. Mishra and Indira Gandhi

Beyond these key figures, the members of Mrs. Gandhi's circle fall into two general categories. One is composed of men like Defense Minister Jagjivan Ram, who commands the support of the Hindu untouchables, and Finance Minister Y. B. Chavan, the political boss of the important western state of Maharashtra. They have independent political strength of their own. The other, including Army Chief of Staff Mankeshaw, Planning Minister C. Subramaniam, Haksar, and D. P. Dhar, has technical know-how.

The technical group appears to be in the ascendancy just now. Mrs. Gandhi distrusts people with independent political bases, and this means her political alliances with Chavan, Ram, and other politicians are probably temporary. [redacted] 25X1

[redacted] She likes to use bureaucrats with technical know-how in specific fields (Foreign Secretary T. N. Kaul, for example). Nevertheless, the politicians are useful, if only to keep her in touch with political currents and to protect her from becoming a captive of the technical people. 25X1

Slightly removed from the center, but still part of her circle, are the idea people she likes to keep near her to provide stimulation and to serve as a sounding board for new policy plans. She uses some of them as trouble shooters to sort out problems at the lower levels of the Congress Party. She maintains direct contact with the Communist Party and gets additional insights into its workings through leftists and former Communists on her staff. Finally, she pays close attention to the "young Turks" within the Congress Party—all on the far left of the political spectrum. These mavericks, not very influential on their own, are critics of her enemies—and sometimes of the prime minister herself when she seems to be moving too slowly. But they often plead for causes she wants served.

By and large, Mrs. Gandhi's advisers serve her well. Rivalries are evident within her inner circle, and there is some stress between the Brahmins, for whom she has a definite predilection, and the non-Brahmins. Their differences do not inhibit the efficient functioning of the team. Mrs. Gandhi may even encourage minor divisions, aware that they can, when necessary, be nourished to prevent combinations forming to challenge her leadership.

On The Economic Front

Mrs. Gandhi's image as a reformist has remained intact despite the remarkably little significant or effective reform legislation enacted since she took office six years ago. There is, in fact, a noticeable degree of confusion over Mrs. Gandhi's devotion to "progressive" causes; no one, probably not even Mrs. Gandhi, is precisely sure what she means by the term.

It can be deduced from her generally leftist orientation and from the tone, if not the clarity, of her public remarks, that she is trying to develop

the Indian economy along socialist lines without the use of force. She admires the accomplishments of the Soviets, but does not wish to emulate their harsh methods. She is a pragmatic leader and envisions a gradual evolution of economic programs and policies. She would like to gain the cooperation of special interest groups, many of which perceive a direct threat to their wealth and mode of living in her economic reforms. Mrs. Gandhi realizes that the businessmen and the wealthier farmers might well be able to sabotage the most carefully constructed reform program, so she tries to avoid the kinds of precipitate and all-encompassing actions that could jolt these powerful and suspicious forces into a direct fight. Another factor dictating caution is that she must be careful not to alienate the traditional financial backers of the Congress Party—the well-to-do farmers.

Accordingly, along with her promises of reform, which have won her the support of the young and the poor, she attempts to reassure the business community that she is no doctrinaire socialist and that private industry can prosper in a socialist India, provided that industry concentrates its investment in enterprises that will help the economy grow. Mrs. Gandhi insists that increasing government controls in the economy are intended only to ensure that private industry's growth and profits are accompanied by "social justice." For their part, business leaders, such as spokesmen for the Federation of Indian Chamber of Commerce and Industry, have publicly acknowledged that their responsibilities extend beyond shareholders to consumers, to workers and to the nation in general. Although businessmen remain suspicious of her long-range goals, they have expressed a willingness to meet Mrs. Gandhi halfway. In return, she has promised to simplify and rationalize procedures to remove difficulties and obstacles in the way of legitimate business expansion. On the other hand, Mrs. Gandhi basically distrusts private enterprise, and it is most unlikely that a real liberalization is imminent. In fact, Mrs. Gandhi is completing the necessary formalities to give parliament the power to amend any part of the constitution—such as individual property rights—to supplement her appeals for business "cooperation."

One of Mrs. Gandhi's priority goals is to raise employment levels, but as yet no comprehensive program of massive public works projects to provide extra jobs has been implemented. To obtain the necessary funds, Mrs. Gandhi is proposing increasing taxes on rural landholders and urban property owners, but even with her near-total domination of the government she is reluctant to antagonize these powerful economic interests and is treading carefully. Here, as elsewhere, she has so far pursued a step-by-step approach. The groundwork for a more direct, systematic course could be laid in the

Fifth Five Year Plan (1974-79)—the first Mrs. Gandhi has been able to oversee personally from the start—which is nearing the final stages of preparation. One of her closest economic and political advisers has been put in charge of the planning process. It seems likely that the Fifth Plan will outline new tax policies and point out new economic directions.

Foreign Affairs

Buoyed by her bravura performance in the political arena, and by the success of her foreign policy vis-a-vis Pakistan, Mrs. Gandhi has been speaking with more assurance on foreign aid. Her theme is national "self-reliance," a theme that was prominent in her rhetoric immediately before, during, and after the Indo-Pakistan war. By self-reliance, she means not only political independence but, ultimately, independence from all foreign assistance. Foreign aid which does not compromise her version of independence will be accepted, but that aid which does will be declined. Although she admits that economic assistance is helpful and desirable, Mrs. Gandhi maintains that India no longer needs aid for national survival and progress. Her emphasis upon Indian independence fits well with the country's enhanced military prestige and strikes a responsive chord in a more nationalistic India, newly self-confident and assertive. But part of the emphasis is defensive in that foreign aid is decreasing and Indo-US relations are at low ebb. US economic assistance, halted during the Indo-Pakistani war last December, has not been resumed. India might accept new US aid, but Mrs. Gandhi is not likely to ask for it. While she has asked some Indian exporters to look for imports from countries other than the US, so far she has taken no dramatic steps, such as halting individual Western aid projects, to implement the new "policy."

The Congress Party in March 1971 was given an electoral mandate to "end poverty," but the Bangladesh crisis, which saw some ten million refugees flood into India and culminated in a 14-day war with Pakistan, demanded top priority; the economic reform program was sidetracked. Although she still talked about ending poverty Mrs. Gandhi's overwhelming victory in the state elections last March was based more on the people's approval of India's war on Pakistan than of its war on poverty.

Mrs. Gandhi is under few illusions that the Indian people are satisfied with her efforts in the economic sphere. More and more she is under the gun to deliver on her promises. But these are difficult, almost intractable problems, so in practical terms she must find a means of diverting attention from the hard facts of economic life. There is a temptation for her to turn to foreign affairs, now that India has become recognized as the dominant power

on the subcontinent and a growing one in Asia. Here there are more immediate prospects for success.

Speaking in Calcutta on 2 March Mrs. Gandhi pledged to work to make India strong enough to influence world events and stressed the need for "evolving new policy for a new India." She is not, however, merely playing to her countrymen's newly discovered and invigorating sense of nationalism. She seems to have concluded that India in its foreign relations has remained dormant long enough. She apparently reads the recent victory over Pakistan as a sign that the time has arrived to reassert national interests and to make a fresh bid for leadership in the region and in the developing countries.

New Delhi appears confident that India's dominance of South Asia will lead to a correspondingly larger Indian role in Asia as a whole. The Soviets see the Indians as a counterweight to China and Japan. They have therefore not actively discouraged India from seeking a more influential role. The Soviets probably have a somewhat more realistic appreciation of India's limited ability to realize its objectives. Following the Chinese invitation to President Nixon last year, the Soviets re-activated party leader Brezhnev's three-year-old proposal for an Asian collective security system. The coincidence of the Soviet security demarches with the signing of the Soviet-Indian Friendship Treaty prompted speculation that the Soviets planned to use India as their stalking horse in Asia. The Indians, however, were not enthusiastic. They chose to conclude their own bilateral or multilateral treaties with other Asian countries to prove that they continued to adhere to the principles of non-alignment. They wished to show that there were no controlling strings running from Moscow to New Delhi.

As far back as 1968, the Indians were floating the idea that both the US and the USSR could act as guarantors of Asian security. They have recently revived the proposal. Other Asian countries, however, have long been suspicious of the Indians, and their wariness increased after the Indo-Pakistani war. Ceylon fears the subversive potential of its large Indian Tamil minority, Nepal has long chafed under high-handed Indian attempts at domination, and Bangladesh is desirous of asserting its newly won independence. All are leary of the growing Indian power and are wary of being sucked into an Indo-Soviet-Chinese struggle. Presumably New Delhi is aware of these misgivings and will move slowly, concentrating on less controversial programs such as regional economic cooperation.

Despite protestations of non-alignment, Indian policy has shifted toward Moscow and its allies in recent years. In respect to Vietnam the shift

Mrs. Gandhi greets General Secretary Brezhnev

has occurred because of an assessment that Hanoi will triumph in the end and that Indian interests will be best served by moving closer to the North Vietnamese. Similarly, Mrs. Gandhi's call for an end to domination of Asians by "rich and big nations"—an obvious reference to the West—is based on her suspicions that such powers do not want Asian nations to become stronger. New Delhi does see areas where Indian and Soviet interests are in conflict. Problems have arisen with respect both to Bangladesh and to the Indian Ocean—which India would like to see turned into a "zone of peace." On balance, Mrs. Gandhi appears convinced that too close a relationship with the USSR will not ultimately work to the interest of India. Speaking at the opening of a five-day Asian Policy Conference held for 28 Indian diplomatic chiefs on 11 April, she said that non-alignment, "another name for the pursuit of our national interests in total freedom from outside interference," was the bedrock of all Indian foreign policy.

Because Mrs. Gandhi assumes that the role of the US and other Western powers will decline in Asia and because she was piqued with US policy during the 14-day war last year, many of her public remarks have taken on an anti-US tone. Still, she would like to leave the door open for an improvement in Indo-American relations. Typical of her general approach, she has resisted domestic left-wing pressure for such precipitate actions as a break with Saigon or the raising of diplomatic relations with the East Germans to the ambassadorial level.

Mrs. Gandhi Leaves Washington

Ultimately, Mrs. Gandhi would like to improve relations with the Chinese, but Peking has shown no disposition to move in this direction. So, Mrs. Gandhi is not pressing the matter. She may well calculate that her bargaining position with the Chinese leaders will be strengthened if she is successful in reaching a mutually satisfactory accommodation with Pakistan. Mrs. Gandhi has, in the meantime, shown a marked ability to adapt herself and Indian policy to the tempo of the times. She is tied to no fixed ideology or set of foreign policy precepts, and those she does espouse she freely modifies to suit her purposes. Mrs. Gandhi's influence on foreign policy is pervasive, and prospects are good that Indian policy will continue to develop along pragmatic lines.

Indira's Longevity

The state elections of March 1972 brought Congress Party governments to power in 14 of the 16 states where elections were held. Aside from the pro-Moscow Communist Party of India, which benefited from electoral alliances with the Congress, effective non-Congress opposition was almost eliminated. It is likely that Mrs. Gandhi will initiate quiet campaigns to undermine non-Congress governments in the few states where they have managed to survive. Just this month she has managed the fall of the unsteady Swatantra-Uktal Congress coalition in the mid-eastern state of Orissa, and she will probably seek a similar fate for her one-time ally, the ruling Dravida Munnetra Kazhagam in the southernmost state of Tamil Nadu. A concerted effort to undermine lingering Jana Sangh power in the union territory of New Delhi is also probable. And the effort to destroy the radical Communist Party of India/Marxist in violence-prone West Bengal is almost certain to continue.

In several Congress-ruled states, Mrs. Gandhi may find herself engaged in bolstering chief ministers, chosen for their loyalty to her but with weak political bases. The Congress organizations in many states where new pro-Indira chief ministers have been elevated to power are beset by competing regional, caste, and ideological factions. Until the new "Indira people" consolidate their positions, state politics are likely to remain unsettled. Mrs. Gandhi's power to impose order on her party and government is stronger than ever before, but the calm that followed the Indira Wave shows signs of giving way to another period of shoving and hauling. This will temporarily cut down on efficiency at the state level and result in a deterioration of center-state relations, but it is unlikely to damage Mrs. Gandhi's power position.

The fact is that India has no other leader of stature to replace Mrs. Gandhi. There is no rallying point for her opponents and those currently out of her good graces. Failure to bring an improved standard of living to large segments of the population could eventually tarnish her image, but her considerable talent for leadership is growing. Barring some unforeseen disaster, Indian political, economic, and foreign policy appears likely for some time to develop under her guidance and be measured by her standards.